

Osceola County / AFSCME Council 61 (Sheriff)

2001-02
CEO 299
Sector 1

IN THE MATTER OF THE FACT FINDING BETWEEN

Osceola County Board of Supervisors,

Employer,

and

American Federation of State, County
and Municipal Employees, Osceola
Deputy Sheriffs Unit,

Union.

PERB Case No. CEO 299/Sector 1

Recommendations

Appearances

For the Union

Mr. Dan Homan

Field Representative

AFSCME/Iowa Council 61

3000 Isabella St.

Sioux City, Iowa 51103

also

Judy Top, Dispatcher Representative

For the Employer

Mr. Robert Hansen

County Attorney

300 Seventh Street

Sibley, Iowa 51249

also

Darwin Beltman, Osceola County Supervisor

Ed Harskamp, Osceola County Sheriff

On April 11, 2002, in Sibley, Iowa, a hearing was held before Sara D. Jay, Impartial Fact-Finder, who was selected by the parties under the provisions of the Iowa Code Chapter 20, as amended, to make recommendations with regard to collective bargaining issues at impasse between the parties. At the hearing, each party was given the opportunity to present evidence and argument, and to examine and cross-examine witnesses. Closing arguments were made orally on April 11, 2002, on which date the record is deemed closed.

Issues at Impasse

In negotiating the terms of their next labor agreement, for 1999-2000, the parties have been unable to reach agreement as to two issues: wages and insurance. The Union noted at hearing its objection to the form of the Employer's final offer, which it states is improper due to its contingent nature. The Union has further objected to the timing of the Employer's provision of its final offer; the parties are in dispute as to whether the Union representative was aware and/or agreed to the Employer's submission of its final offer on Monday, April 8. Lastly, the Union has objected to the Employer's alleged failure to provide complete and accurate insurance information. In accordance with Iowa law, these objections will be brought to the Iowa Public Employee Relations Board, and the fact-finder will make her ruling independent of those issues. The fact-finder did offer the Union additional time to respond to the late-arriving information; the Union declined the offer, believing that its responsive information had been adequately developed, although without as much time as it believes it should have been provided.

In arriving at a decision on the issues and making an award, the fact-finder has fully considered the arguments and submissions of the parties, which may be stated in an abbreviated form herein. The fact-finder has also considered the statutory duties and limitations of the Employer, and has considered the relevant provisions of Iowa Code §20.

Background

The Osceola County Sheriff's Department, through an agreement under Iowa Code §28E, provides all police protection for Osceola County, including the cities of Ashton, Harris, Melvin, Ocheyedon and Sibley. In September 2000, the Osceola County Board of Supervisors was designated as the Employer; previously, the Public Safety Commission had been so designated. The American Federation of State, County and Municipal Employees, Osceola County Sheriff's Deputies, Dispatcher/Jailers and Secretaries (Union) represents the 16 full- and part-time employees of the Department, which include the deputies, secretaries, matron and dispatchers.

The Union and the Employer (Employer) have had a collective bargaining relationship for

approximately seven years. Their first two contracts were settled voluntarily. Binding fact finding was entered for the 1998 Agreement. The parties voluntarily resolved their agreement for 1999-2002. While they have resolved many aspects of their successor agreement, they have not been able to resolve wages or health insurance, the same issues which brought them to fact-finding in 1998.

In 1998, two groups of comparable counties were utilized. The first group consists of Clay, Dickinson, Lyon, O'Brien and Sioux counties, all of which border on Osceola. The second ring of counties consists of Buena Vista, Cherokee, Emmet, Palo Alto, Plymouth and Pocahantas. Most of those counties are far larger than Osceola, which has a population of 7,003. The neighboring counties range in size from 8,662 (Pocahantas) to 24,849 (Plymouth) under the 2000 census. The parties do not disagree on the comparable group, although the Employer suggests that it is appropriate to remember the relative difference in size when making comparisons.

According to the Employer, Osceola County is in very poor economic condition. It states that the costs of operations continue to increase, but revenues have not. At a minimum, for fiscal year 2002-03, the Public Safety Fund will be using over \$50,000 of its reserve for operating expenses, under the current budget which projects a 2% wage increase for the deputies and a 3% increase for the dispatchers. The cities within the jurisdiction are all currently levying the maximum permitted for law enforcement; the County General Fund levy is also at its maximum. The contract amount from each city is paid through each city's General Fund. The County also pays from its General Supplemental Fund for various benefits. Three employees are paid directly from the County General Fund, rather than from the Public Safety Fund. The Employer does not claim that it is unable to pay for the Union's final offer. However, it does suggest that it would be financially unwise for it to do so.

Issue 1: Appendix A, B, C, D, E: Wage Schedule

Union Position

The Union proposes an increase of 6% for the deputy positions and an increase of 4% for the dispatcher, secretary and matron positions. The Union's final offer results in a 5.2% overall increase,

in contrast with what it calculates as an overall 2% increase under the Employer's final offer. According to the Union, the difference in cost between the two wage proposals is \$22,148.

In support of its position, the Union provides data from its comparability group, demonstrating that its proposed wage of \$18.26 would be slightly lower than the wages for other deputies in Group 1 for the three counties which have settled, and higher than the three counties in Group 2 which have settled. The secretarial wage of \$14.46 is the highest wage in both groups, with a range of \$9.80 to \$14.19. The proposed dispatcher/jailer wage of \$13.01 is in the mid-range when compared to Group 1, and is higher than the dispatcher wages for Group 2. According to the Union's data, the deputy wage is currently 4.1% below the Group 1 average, and 1.2% below the Group 1 and Group 2 averages taken together. The secretarial wage is currently well above average; the jailer/dispatcher wage is also above average although not as significantly.

The Union's final offer would keep the deputies below average for Group 1, but closes the gap to 1.6% below the Group 1 average. Its proposal takes the deputies to 3.4% above average for Groups 1 and 2 combined. The Union's proposal places the secretarial and dispatcher wage rates closer to average for Group 1, although it continues to be a wage leader with respect to those classifications. The Union contrasts its offer with the Employer's offer, presenting data to demonstrate that the Employer's offer leaves the deputies at 5.8% below the Group 1 average, increasing the gap, and places the dispatchers below the Group 1 average by .9%. In addition, the Union presents data on the five year average increases for deputies in both comparable groups: 20.9% for Group 1 and 19.4% for Group 2. For Groups 1 and 2 combined, the average 2001 wage increases are 3.5% for deputies and 5% for dispatchers. Osceola's average increase for the deputies is 14.6%. (Some counties do not include the secretary classification.) The Union suggests that both the amount and pattern of its proposed wage increases are the more reasonable.

Employer Position

The Employer proposes a 2% increase in wages for all positions for the successor agreement. The Employer emphasizes internal comparison, noting that the Sheriff, like other elected officials

did not receive a raise. In order to keep a reasonable relation between the Sheriff's salary and the salaries of those he supervises, the Employer suggests, the wage increases for this unit should be held to a minimum. The Employer notes that Iowa law prohibits any deputy from receiving more than 85% of the Sheriff's wage, Iowa Code §331.904. Further, the Employer asserts that its proposed wages compare favorably with the neighboring jurisdictions identified, and notes that the CPI is closer to its proposed increase of 2% than to the increases proposed by the Union. In support of its contentions, the Employer provides CPI data showing a 2.4% increase for the 12 months ending February 2002, without seasonal adjustment.

According to the Employer, the 2% increase it proposes appropriately reflects economic conditions in the County and the funds available. The Employer states that it is currently levying in the General Supplemental Fund for IPERS, FICA and health insurance because it is not able to generate more tax dollars. As in 1998, the Employer notes that auditors have advised it to keep a fund balance of 25% of its annual expenditures, or \$200,000. Under its wage and insurance proposal, it will need to use \$50,039 in reserves, and the expected ending fund balance will be lower than desired, at \$216,121. The Employer is concerned that any additional increases will further reduce the general fund balance.

Discussion

As the Employer states, there is a legal restriction on the salary level which can be permitted deputies, based on the salary of the Sheriff. It is also reasonable to expect that there should be a difference among the salaries of the Sheriff, the Chief Deputy and the other Deputies based on the different levels of responsibility. However, according to the data presented, neither proposal would take any deputy too close to the level of the Chief Deputy, who is at 85% of the sheriff's salary.

No reason has been shown for this unit to receive a below-average wage increase, whether viewed comparatively or individually. There has been no showing that finances in this jurisdiction are worse than average for northeastern Iowa. The Employer appears to have adequate resources to meet the Union's offer, and has not claimed inability to pay. The size of this jurisdiction, taken alone,

is not a deciding factor. In voluntarily negotiating wages, the parties have not treated the population of the County as creating a requirement that its wages be the lowest, and it is ordinarily the role of an arbitrator to maintain a unit's position relative to comparable communities. On the other hand, there has been no showing of overall inequity or of any need for an award of above-average increases for the entire unit. The Union has reasonably suggested that deputies should get higher increase than secretaries and dispatchers, who are wage leaders. It must also be recognized that, while wages in this jurisdiction are within reasonable range of comparable cities, the gaps are narrowing for most classifications. This unit's position should be maintained, although not improved, in relation to comparable communities, while spreading the increase to bring the classifications towards the average.

Recommendation

Wage increases of 4.5% for deputies and 3.5% for other classifications are recommended for the successor agreement.

Issue 2: Article IX - Medical and Hospital Insurance

Premium Payment and Benefits

Union Position

The Union proposes maintaining benefits at the current level. The Union also proposes increasing the Employer's contribution toward family insurance to 70% of the difference between family and single coverage from the current level of 65%.¹ The Union has provided costs for its proposal, although it states that the cost estimates are unreliable due to the Employer's failure to provide accurate data in a timely fashion. Its calculations suggest that the difference in cost between proposals would be approximately \$5,000.

In support of its position, the Union provides data from comparable counties. According to

¹ The current language provides that the Employer will pay 100% of single coverage, 65% of family coverage for full-time employees. Neither party has suggested a change to benefits for part-time employees.

that data, most counties pay a higher percentage of family coverage than the Employer, some covering 100% of the cost of family health insurance coverage. The Employer would be paying a lower percentage than average under either party's offer. Comparison of the premium amounts, the Union stated at hearing, is unreliable based on the lack of accurate data.

The Union presents the bargaining history of the parties, suggesting that health insurance has been a contentious issue throughout their relationship. In the first agreement, the Employer made an additional \$25 contribution (\$20 in the first contract year) toward family coverage. That amount was increased in the successor agreement to \$122, and was increased again in the third agreement to 55%-60%-65% successively during the three years of that agreement. Both the second and third agreements required the Employer to provide a plan "equal to" ISAC Plan IV as in effect on July 1, 1998. That plan provided for a \$100 deductible for single insurance, \$200 deductible for family insurance, and for co-payments to an annual maximum out-of-pocket expense of \$500 for single and \$1000 for family coverage. The parties agree that the current plan is "equal to" former Plan IV, as required by the Agreement.

The Union asserts that the plan coverage should be maintained in its current form. According to the Union, the Employer has traded wages for insurance, and is now trying to take back insurance savings without providing a *quid pro quo*. The Union characterizes the Employer as reluctant to pay for wages or insurance, and states that the Employer is continuing to lag behind its counterparts, as was found in 1998 fact-finding between the parties. The Union denies that the plan proposed by the Employer is "reasonably comparable" to the current plan, due to the changes in co-payments, deductible, and maximum out-of-pocket expense.

Employer Position

The Employer's final proposal on health insurance reads as follows:

C. *Premium Payment*. Current Contract Language. However, the County would agree to pay 70% of the cost of the family premium, but this offer is conditioned upon the Union accepting the change to the insurance plan as set out below in Paragraph D.

D. *Benefits*. The Medical and Hospital Insurance Plan shall be a plan comparable to the

following: (1) \$500 deductible per person, \$1,500 deductible per family; (2) Coinsurance in the network 90/10, out of network 70/30; (3) Maximum out-of-pocket per person \$1,500.00, per family \$3,000.00; (4) Prescriptions, generic - \$10, name brand - \$10.00 plus 20%, non-formulary - \$15.00 plus 35%; (5) Office visits in network \$15.00, out-of-network subject to deductible; (6) Preventative care, covered under office visits; (7) Lifetime maximum - \$5,000,000.00.

According to the Employer, the "\$100 deductible is going the way of the dinosaur." The Employer notes that the only time the deductible is in issue for an employee is if the maximum is used, while the amount of a deductible affects the premium cost for all employees. The cost of insurance has increased dramatically, the Employer states, and employees should expect to share in the costs. The plans under consideration by the Employer will result in considerable cost savings, and will still provide adequate coverage. In support of its position, the Employer presents details of the plans it is reviewing and comparisons among plans. The Employer requests the ability to change from an "equal" plan to the above-described plan, which it suggests should be described as "reasonably comparable," in order to provide it with flexibility.

Discussion

The Employer is proposing a significant change in benefit level for employees and their families, and particularly for those families which may reach the out-of-pocket maximum. The change in benefit level proposed will affect most employees, through a large change in the deductible: from \$100-single/\$200-family to \$500-single/\$1,000-\$1,500-family. The out-of-pocket maximum would also double, and drug costs would most likely increase.

The reason employees find health insurance desirable is to provide coverage in case of extraordinary circumstances. The value of the benefit diminishes considerably when the protection for chronic or catastrophic illness is diluted. The Union suggests that, where an employee does not reach the maximum, the county gets the savings under its method of self-funding for the deductible. Those savings have been available to the Employer for a number of years under the plan. Balancing the potential for those savings to the Employer by continuing the benefit in the form desired by the employees seems reasonable.

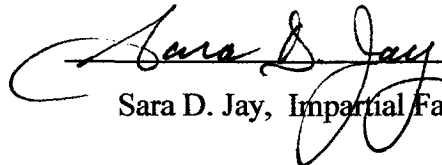
The Employer has not provided a specific reason to change the benefit at this time. While the costs of health insurance have been increasing, the increase in this jurisdiction at this time does not appear to be so large or so surprising that it warrants a drastic change in benefit levels. Further, many comparable jurisdictions have continued to provide or to self-fund down to a similar deductible. As the Union states, no *quid pro quo* has been offered for the reduction in benefit level.

Nonetheless, as the Employer states, the employees should expect to bear a portion of the rising costs. The employees in this jurisdiction may be paying a higher amount, and a higher percentage, for their health insurance. Because of the cost of the premium, the Employer is also paying a higher amount than employers in many other jurisdictions. This pattern appears to be largely the result of voluntary negotiation over a number of years. If a pattern is to be changed, it is best that it be changed by voluntary agreement between the parties.

Recommendation

It is recommended that there be no change in the health insurance premium payment or benefits for the successor agreement.

Dated: April 22, 2002


Sara D. Jay, Impartial Fact-Finder

CERTIFICATE OF SERVICE

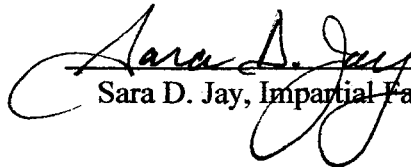
I certify that on the 22nd day of April, 2002, I served the foregoing Report of Fact Finder upon each of the parties to this matter by mailing a copy to them at their respective addresses as shown below:

Mr. Robert Hansen
County Attorney
300 Seventh Street
Sibley, Iowa 51249

Mr. Dan Homan
Union Representative
AFSCME/Iowa Council 61
3000 Isabella St.
Sioux City, Iowa 51103

Re: Osceola County and AFSCME (Sheriff)
Iowa PERB Case CEO 299/Sector 1
Fact Finding

I further certify that on the 22nd day of April 2002, I will submit this Report for filing by mailing it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.


Sara D. Jay, Impartial Fact Finder